

Investment Philosophy

We are a fundamental, "bottom up" manager with a long-term time horizon. Our investment philosophy highlights buying high quality companies at a 30%+ discount to estimated fair value. Our approach emphasizes rigorous research, a disciplined stock selection process, a strong valuation orientation, a focused portfolio (25-35 holdings) and a well-defined sell discipline.

Portfolio Overview

Turnover	40% or less avg.
Time Horizon	3-5 years
Universe	\$250mm - \$5Bn
Focused	25 - 35 positions
Sector Weights Target	< 3X Benchmark
Typical Holding	2 - 5%
Maximum Holding	6%
Cash	5% avg.
Active Share	99.2%

Risk Metrics*

Beta	0.73
R-Squared	0.71
Standard Deviation	12.7%
Sharpe Ratio	0.97
Alpha	3.7%
Tracking Error	7.90
Information Ratio	0.07
Batting Average	0.58
Up Market Capture	77.1%
Down Market Capture	65.0%

*3 YRS ending 9/30/17 vs. Russell 2000 Value

Firm

Founded in 1994	
All Employees are Shareholders	
AUM (Firm)	\$790 mm
AUM (U.S. Small Cap Value)	\$510 mm

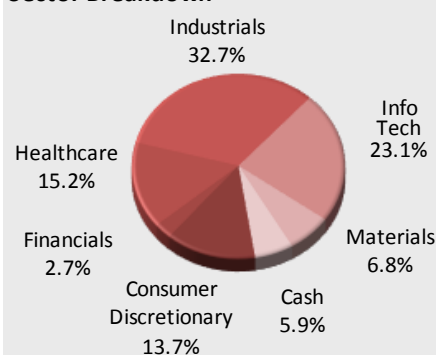
Investment Team

Kevin Bernzott	1994 (23 yrs exp.)
Tom A. Derse, CFA	2004 (17 yrs exp.)
Scott T. Larson, CFA	2007 (21 yrs exp.)
Ryan J. Ross, CFA	2014 (12 yrs exp.)

Top 10 Holdings

Bottomline Technologies (de), Inc.	5.4%
SP Plus Corporation	5.3%
Catalent, Inc.	4.9%
Douglas Dynamics, Inc.	4.9%
Callaway Golf Company	4.4%
Synopsys, Inc.	4.2%
Generac Holdings Inc.	4.1%
Gentex Corporation	4.1%
Landauer, Inc.	4.0%
Owens-Illinois, Inc.	3.9%
% of total portfolio	45.2%

Sector Breakdown



Portfolio Characteristics

Number of holdings	26
Weighted Avg Market Cap	\$3.1Bn
Median Market Cap	\$2.3Bn
Largest Cap	\$12.1Bn
Smallest Cap	\$0.6Bn
EBIT Margin (LTM)	12.5%
ROE (Trailing 5Yr)	13.8%
LT EPS Growth (5Yr)	12.2%
P/E Ratio (Forward)	22.6x
Divident Yield (Current)	1.0%
Discount to Fair Value	12.9%

Small Cap Value Composite Performance (9/30/17)

	3Q17	YTD	1YR	3YRS	5YRS	7YRS	10YRS	Inception*
Bernzott Small Cap Value Equity (Gross)	10.4%	21.5%	27.0%	12.7%	15.6%	15.1%	9.9%	14.3%
Bernzott Small Cap Value Equity (Net)	10.2%	20.9%	26.2%	12.0%	14.9%	14.4%	9.2%	13.4%
Russell 2000 Value	5.1%	5.7%	20.6%	12.1%	13.3%	12.8%	7.1%	10.8%
Russell 2500 Value	3.8%	5.9%	15.8%	9.9%	13.3%	13.0%	7.6%	11.5%

Quarterly Commentary:

The U.S. Small Cap Value composite's 3Q17 return was +10.2% (net) compared to the benchmark Russell 2000 Value's return of +5.1%. In 3Q17, the strategy's +510 bps of outperformance was primarily driven by strength in Industrials (+418 bps), Information Technology (+174 bps) and Healthcare (+126 bps) offset in part by weakness in Financials (-132 bps). The top three contributors were SP Plus (SP), Bottomline Technologies (EPAY) and Landauer (LDR). The top three detractors were Knowles (KN), Cinemark (CNK) and Hill-Rom (HRC). From a portfolio perspective, two of our companies made important announcements in the quarter: Advisory Board (ABCO) announced the sale of its Health Care and Education businesses and Landauer (LDR) announced it is being acquired by Fortive (FTV). We also initiated a new position in The Michaels Companies (MIK).

Tim Duncan played 19 years in the NBA for the San Antonio Spurs. During his career, Duncan's achievements were notable: a five-time NBA champion, two-time NBA MVP, 15-time NBA All-Star and 15-time All-Defensive selection. But what is probably more remarkable is the way he played. In a word - he was deliberate. During an era dominated by Michael Jordan's electrifying dunks and Allen Iverson's amazing cross-overs, Duncan was stoically lulling opponents to sleep with mid-range bank shots while at the same time consistently grabbing rebounds (sixth all-time in NBA history) and protecting the rim (fifth all-time in blocked shots in NBA history). His simple, yet effective style of play made him perhaps the greatest power forward to ever play the game and earned him the nickname "The Big Fundamental" from none other than Shaquille O'Neal. O'Neal said "...his fundamental skills were perfect." We can certainly appreciate Tim Duncan's approach to the game and you can see it in our investment process. We are disciplined and methodical in our approach. We are concentrated, bottom-up investors and focus on company fundamentals. We buy high quality companies that help us protect on the downside. We are patient investors and have a long-term time horizon. We believe this investment approach should lead to continued strong performance in the future.

Explanation of Equity Performance

Performance Footnote Disclosure - 3Q2017

Bernzott Capital Advisors claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Bernzott Capital Advisors has been independently verified for the periods of Jan. 1, 1995 through September 30, 2015. Verification assesses whether the firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis and the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. The US Small Cap Value composite has been examined for the periods of Jan. 1, 1995 through September 30, 2015.

The verification and performance examination reports are available upon request.

	# of Portfolios in Composite at period end	Total Composite Assets (\$ millions) at period end	Composite Equity Only Assets (\$ millions) at period end ⁴	Composite Dispersion ³ %	Composite 3 Yr Standard Deviation	Russell 2000 Value 3 Yr Standard Deviation	Russell 2500 Value 3 Yr Standard Deviation	Total US Small Cap Value Assets ² (\$ millions)	Total Firm-wide Assets Under Management (\$ millions)	Composite Assets as a % of US Small Cap Assets at period end	Composite Assets as a % of Firm-wide Assets at period end	Bernzott Gross of Fees	Bernzott Net of Fees	Russell 2000 Value	Russell 2500 Value
1995 ¹	2	< \$1.0	< \$1.0	n/a	n/a	n/a	n/a	\$ 0.8	\$ 3.0	n/a	n/a	26.61%	25.24%	25.75%	29.76%
1996	8	\$ 1.7	\$ 1.2	n/a	n/a	n/a	n/a	\$ 2.2	\$ 6.3	77.3%	27.0%	28.53%	27.14%	21.37%	22.21%
1997	17	\$ 4.3	\$ 3.0	4.7%	8.88	9.41	8.89	\$ 5.4	\$ 11.1	79.6%	38.7%	32.57%	31.21%	31.78%	33.09%
1998	33	\$ 7.1	\$ 5.9	3.2%	11.09	15.10	14.88	\$ 8.6	\$ 17.7	82.6%	40.1%	11.52%	10.49%	-6.45%	-1.92%
1999	53	\$ 14.6	\$ 10.5	5.6%	13.29	16.32	16.14	\$ 16.6	\$ 31.3	88.0%	46.7%	-1.56%	-2.43%	-1.49%	1.49%
2000	54	\$ 19.0	\$ 14.1	9.0%	14.23	16.61	16.55	\$ 21.0	\$ 37.8	90.5%	50.3%	28.59%	27.53%	22.83%	20.79%
2001	70	\$ 32.1	\$ 24.3	6.2%	13.24	14.65	14.62	\$ 36.1	\$ 49.6	88.9%	64.7%	19.21%	18.37%	14.02%	9.74%
2002	152	\$ 53.3	\$ 38.4	4.2%	11.28	17.39	16.27	\$ 74.1	\$ 100.8	71.9%	52.9%	11.89%	11.13%	-11.42%	-9.87%
2003	177	\$ 123.3	\$ 98.3	4.7%	9.86	18.42	16.97	\$ 170.6	\$ 195.0	72.3%	63.2%	38.95%	37.92%	46.03%	44.93%
2004	273	\$ 168.4	\$ 138.2	4.0%	10.73	17.51	15.68	\$ 232.9	\$ 299.4	72.3%	56.3%	19.42%	18.51%	22.25%	21.58%
2005	403	\$ 436.4	\$ 299.0	2.2%	11.28	14.09	12.81	\$ 507.1	\$ 515.9	86.1%	84.6%	0.81%	-0.05%	4.71%	7.74%
2006	338	\$ 592.4	n/a	3.4%	10.91	12.33	10.85	\$ 703.6	\$ 800.4	84.2%	74.0%	28.82%	27.72%	23.48%	20.18%
2007	363	\$ 564.8	n/a	2.9%	12.01	12.59	11.03	\$ 622.3	\$ 736.9	90.8%	76.7%	-17.44%	-18.18%	-9.78%	-7.27%
2008	320	\$ 344.9	n/a	4.8%	16.99	19.14	18.38	\$ 405.1	\$ 405.1	85.1%	85.1%	-21.33%	-21.85%	-28.92%	-31.99%
2009	278	\$ 442.5	n/a	5.8%	20.01	25.62	24.61	\$ 481.8	\$ 481.8	91.8%	91.8%	25.32%	24.41%	20.58%	27.68%
2010	94 *	\$ 302.0 *	n/a	1.2%	20.55	28.37	26.97	\$ 319.7	\$ 470.8	94.4%	64.2%	21.13%	20.23%	24.50%	24.82%
2011	80	\$ 195.2	n/a	1.3%	17.70	26.05	24.23	\$ 198.0	\$ 372.0	98.6%	52.5%	9.02%	8.24%	-5.50%	-3.36%
2012	34	\$ 169.2	n/a	1.0%	14.21	19.89	18.41	\$ 192.0	\$ 395.2	88.1%	42.8%	16.81%	16.04%	18.05%	19.21%
2013	35	\$ 237.4	n/a	0.8%	12.34	15.82	15.07	\$ 267.0	\$ 513.6	89.0%	46.2%	34.38%	33.52%	34.22%	33.33%
2014	35	\$ 269.9	n/a	0.4%	10.41	12.79	11.25	\$ 274.7	\$ 528.7	98.2%	51.0%	6.69%	5.98%	4.22%	7.11%
2015	38	\$ 258.2	n/a	0.5%	12.8	13.7	12.19	\$ 339.8	\$ 577.1	75.9%	44.7%	-6.91%	-7.46%	-7.47%	-5.49%
2016	37	\$ 380.9	n/a	0.3%	13.15	15.72	13.36	\$ 405.9	\$ 655.2	93.8%	58.1%	17.65%	16.97%	31.74%	25.2%

¹ Equity product inception: January 1, 1995. ² The difference between this column and the "total composite assets at period end" is the accounts that do not meet the size parameter for the composite and any new account under management that has not met the waiting period to join the composite. ³ 1995 and 1996 dispersion values are presented as n/a since five or fewer accounts are in the composite for the entire annual periods presented. Information is not statistically meaningful due to an insufficient number of portfolios in the composite for the entire year, and is shown as n/a. ⁴ Presented composite performance prior to October 1, 2006 is based upon equity only returns including allocated cash. Composite performance following October 1, 2006 is based on total account returns. * - To accommodate the needs of our high net worth non-institutional clients, Bernzott Capital Advisors has and will purchase equities across the capitalization spectrum, and not limit those purchases to the small cap universe. Effective October 1, 2010, the composite was redefined to only include those clients with a specific small cap mandate. This redefinition and client accommodation has resulted in a decline of AUM in the US Small Cap Value composite without impacting firm wide AUM.

GIPS Compliance Requirements:

Bernzott Capital Advisors is an equity portfolio investment manager that invests in U.S.-based securities. Bernzott Capital Advisors is defined as an independent investment management firm that is not affiliated with any organization.

The US Small Cap Value Composite includes all fully discretionary portfolios that invest in small capitalization U.S. stocks that are considered to have risk-adjusted returns purchased, at reasonable prices. The composite includes concentrated portfolios of market leading companies with consistent operating performance, significant recurring revenue, solid operating margin, moderate leverage and strong returns on capital. A size parameter of \$250,000 is applied for composite membership. As of October 1, 2006, composite asset performance is derived from total account performance and eligible accounts are added to the composite after accounts are under management for two complete quarters. Prior to October 1, 2006, the composite was constructed from fully discretionary small cap equity only portfolios and fully discretionary small cap equity segment carve outs of accounts included in the firm composite. Prior to October 1, 2006, accounts were included in the composite their first full quarter under management.

The Bernzott's benchmark is the Russell 2000 Value Index (taken from published sources). The Russell 2500 Value Index is provided as a secondary benchmark.

Gross-of-Fees returns reflect only the deduction of trading costs. Net performance returns reflect the deduction from gross performance of all trading costs, actual management fees and embedded fees. Since January 1, 2005 non-fee-paying accounts represent <1% of the composite assets. For the period Jan. 1, 2004 through Dec. 31, 2004 non-fee-paying accounts represent 1% of the composite assets. For the period Jan. 1, 1998 through Dec. 31, 2003 non-fee-paying accounts represent 2% of the composite assets. Bernzott performance is stated in US dollars. Prior to 10/1/06 the annual composite dispersion was an asset-weighted standard deviation calculation for the equity only portion of the account in the composite for the entire year and calculations did not take into account the effect of cash. Following that date, the annual composite dispersion is an asset-weighted standard deviation calculation using total account returns. 1995 and 1996 dispersion values are presented as n/a since five or fewer accounts are in the composite for the entire annual periods presented.

Returns are presented gross and net of management fees and include the reinvestment of all income. Bernzott's standard institutional account fee schedule to-date is 90 bp on the first \$10 million, 80 bp on the next \$15 million, 75 bp on the next \$25 million, and 65 bp on the next \$50 million. Bernzott's standard private client account fee schedule to-date is 100 bp on the first \$2 million, 75 bp on the next \$3 million, 50 bp on the next \$5 million. Actual investment advisory fees incurred by clients may vary. Bernzott's composite was created July 1, 1999 and composite membership parameters were revised December 1, 2006 effective October 1, 2006. A complete list of Bernzott's composites is available upon request.

The policies of valuing portfolios, calculating performance and preparing compliant presentations are available upon request. Bernzott does not utilize leverage, derivatives or short positions. Bernzott does not have any significant company events to disclose.

A size parameter of \$250,000 is applied for composite membership. The minimum account size was implemented January 1, 2001. As of October 1, 2006, composite asset performance is derived from total account performance. Prior to October 1, 2006, the composite was constructed from fully discretionary small cap equity only portfolios and fully discretionary small cap equity segment carve outs of accounts included in the firm composite. Prior to January 1, 2004, the composite was known as the Small/Mid Cap Domestic Equity Composite. There was no change in the investment process as a result of the composite name change. Prior to October 1, 2006, carve-out portfolio segments were included in this composite and cash was allocated to the composite on a set percentage of 5%. As of October 1, 2006, portfolio segments are not included in this composite and all cash and cash equivalents are included in performance. An account will be removed from the composite membership if a cash outflow reduces the account value below the minimum size parameter. Additional information regarding the treatment of significant cash flows is available upon request.

Past performance is not indicative of future results.

Prior to April 2013, Schmetter & Associates, LLC. (S&A) served as an independent institutional sales and marketing representative for Camarillo, California based Bernzott Capital Advisors. S&A continues to receive 20-25% of collected revenue from specified institutional clients. S&A is not a broker/dealer. BCA currently employs two individuals responsible for business development. They receive a % of collected revenue from specified institutional clients. All fees paid by Bernzott Capital are in hard dollars. No additional amount is ever billed to any client as a result of such payments.